

IOWA RACING AND GAMING COMMISSION

MINUTES

APRIL 19, 2007

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, April 19, 2007 at Ameristar Casino, 2200 River Road, Council Bluffs, Iowa. Commission members present were Gerry Bair, Vice Chair; and members Diane Hamilton, Greg Seyfer and Toni Urban. Chair Kate Cutler was absent.

Vice Chair Bair called the meeting to order at 8:30 AM, and advised that Item 12E(1), a contract for Harrah's, had been withdrawn. Vice Chair Bair called for a motion to approve the agenda as amended. Commissioner Hamilton moved to approve the agenda as amended. Commissioner Urban seconded the motion, which carried unanimously.

Vice Chair Bair called on Mayor Tom Hanafan, who welcomed the Commission to Council Bluffs. Mayor Hanafan offered many complimentary remarks concerning Chair Cutler and her involvement in the community. He introduced the following representatives of the Iowa West Racing Association (IWRA): Emma Chance, President; Todd Graham, Executive Director, and Jerry Mathiason. Mayor Hanafan stated that when gaming first came to Iowa, there were a lot of concerns as to what would happen; and noted that Council Bluffs is very happy with the outcome. Council Bluffs has experienced significant economic growth and development, as have other areas of the state. Mayor Hanafan stated that he has spoken in nine different states on the gaming experience in Iowa; noting that he emphasizes the rules and regulations set up in advance, and the Commission itself.

Vice Chair Bair called for a motion concerning the minutes. Commissioner Seyfer moved to approve the minutes from the March 1st Commission meeting as submitted. Commissioner Urban seconded the motion, which carried unanimously.

Vice Chair Bair called on Jack Ketterer, Administrator of IRGC for announcements. Mr. Ketterer recognized IRGC employees domiciled in the Council Bluffs area; and provided the following information concerning upcoming meetings:

- May 2007 – No Meeting
- June Commission Meeting – June 7, 2007 – Stoney Creek Inn, Johnston, Iowa (Submissions due by May 23, 2007)

With regard to the proposed meeting dates for Fiscal Year 2008, Mr. Ketterer advised that everyone was in agreement on the proposed meeting dates except for October. He

recommended approval of the meeting dates for FY 08 with the exception of October, which will be determined at the June meeting.

Mr. Ketterer advised that the Commission's bill on horse medication had passed in both houses without one dissenting vote, was signed by the Governor and will be effective with the beginning of the live race meet at Prairie Meadows Racetrack & Casino on Friday evening, April 20th. He indicated the rules before the Commission today primarily consist of horse racing medication rules that were noticed under intended action at the January Commission meeting. These rules are up for final adoption, and will also be emergency filed.

Mr. Ketterer noted that the March 1st Commission meeting was accelerated due to weather conditions. He invited anyone who had comments prepared for that meeting to make those comments when they addressed the Commission concerning the yearly financial audit. Isle of Capri properties, which have a different fiscal ending, were invited to do so during the contract approval portion of the agenda.

Mr. Ketterer requested that the Commission approve the proposed meeting dates, with the exception of October, which will be determined at the June meeting. Vice Chair Bair requested a motion. Commissioner Hamilton moved to approve the meeting dates with the exception of October. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-27)

Vice Chair Bair called on Mr. Ketterer for rules. Mr. Ketterer again pointed out that the majority of the rules being submitted for Final Adoption are related to the administration of horse medication. The proposed rules were proposed by the Racing Medication and Testing Consortium panel due to the confusion and difficulty experienced by veterinarians, trainers, and horse owners in the various states that had different testing and administration rules. These rules were presented under Notice of Intended Action in January. Mr. Ketterer noted the rules also contain a couple of gaming rules pertaining to the expiration and deductibility of expired tickets, and rules of play, pay out schedules, and permitted wagering amounts at the facilities. Mr. Ketterer recommended the Commission approve the rules for final adoption.

Hearing no comments or questions, Vice Chair Bair requested a motion. Commissioner Urban moved to approve the rules presented for final adoption. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 07-28)

Vice Chair Bair moved to the rules being filed emergency. Mr. Ketterer advised that the horse racing rules submitted for final adoption were also being filed emergency so they can take effect immediately. The rules are filed final adopt and emergency as the burden and proof and challenges are different. Under the final adopt process, the burden of proof falls on the person challenging the rules; under the emergency filing, it is the Commission or agency's responsibility to show why the rules had to be filed on an emergency basis. Any challenges will be the responsibility of the Commission until early

June at which time it will change to the individual challenging the rules. Mr. Ketterer recommended the Commission approve the emergency filing of the rules.

Hearing no comments or questions, Vice Chair Bair requested a motion. Commissioner Urban moved to approve the rules under emergency filing. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 07-29)

Vice Chair Bair moved to the next agenda item, a report by Mark Vander Linden, Executive Officer of the Iowa Gambling Treatment Program (IGTP). He noted that National Problem Gambling Awareness Week is an annual campaign that occurred between March 5-11 this year to educate the general public about the warning signs of problem gambling and raise awareness about the help that is available. Mr. Vander Linden stated that "awareness weeks" are a great opportunity to provide a surge of information about a specific issue; however, the work continues throughout the year. He commended the IRGC and Iowa Gaming Association (IGA) for raising the awareness of its members and partnering with the Iowa Department of Public Health to address problem gambling behaviors. Mr. Vander Linden indicated that he believes the Uniform Standards established by the Commission are strategic and proactive, and demonstrate a commitment to promoting responsible gambling and addressing problem gambling behavior.

Mr. Vander Linden stated that he was impressed by the casinos themselves and their commitment to insure that these standards are addressed, and by respecting and honoring those individuals that wish to utilize the self-ban option.

Mr. Vander Linden advised that in 2006 the IGTP Advisory Committee established a sub-committee to establish a Strategic Plan to assist the department in establishing priorities for treatment prevention, workforce development and research. Several goals were identified in the Strategic Plan, and the IGTP is working to implement many of those goals.

One of the goals was to explore the cooperation between the treatment providers and the gambling venues regarding the recognition of management of problem gambling and the promotion of responsible gambling. Mr. Vander Linden stated that he is pleased with the work that is currently being done to promote responsible gambling; he believes this goal provides a great opportunity for the IGTP, IRGC and Iowa casinos to push the envelope further. During the next year a subcommittee of the IGTP Advisory Committee will be formed; which will include the IRGC, IGA and others to discuss collaborative ways to address problem gambling and promote responsible gambling.

Mr. Vander Linden stated that he feels Iowa stands out as a leader nationally in efforts to promote responsible gambling and address problem gambling behavior, but still feels there is a long way to go. He indicated that Iowans and Iowa communities will greatly benefit from continued efforts in this area. Mr. Vander Linden stated that he looked forward to the continued cooperation of the IRGC and IGA in this area.

Vice Chair Bair asked Mr. Vander Linden where the line is drawn between responsible gambling and problem and/or pathological gambling. Mr. Vander Linden indicated there are many definitions, but problem and/or pathological gambling is a specific mental health disorder that does have very specific definitions. There are ten criteria that are used to determine whether the individual is a problem or pathological gambler: 1-4 the individual is considered a problem gambler; 5 or more the individual is identified as a pathological gambler. A majority of the individuals seeking treatment meet the criteria for a pathological gambler. Mr. Vander Linden stated there are a number of screening tools that can be utilized to determine if the line from problem to pathological gambling will be crossed. One such screening tool asks the following questions: "Have you ever felt the need to bet more and more money?" and "Have you ever had to lie to people important to you about how much you gamble?" If the individual answers "yes" to one or both of these questions, it is a good indicator the individual has or will become a pathological gambler.

Vice Chair Bair moved to the Economic Impact Reports, and called on Mr. Ketterer. Mr. Ketterer stated that the Commission reviews the annual economic impact reports the facilities submit to the Commission on a quarterly basis. These reports provide a glimpse of the magnitude of what the businesses mean to the state. Mr. Ketterer stated that total economic impact for 2006 exceeded \$1.1 Billion. He stated the Commission focuses on whether a substantial amount of goods and services are purchased from Iowa vendors as required by Iowa Code, which is shown under Equipment, Supplies and Services. The reports include a column for Iowa sources, with the remaining expenses being divided between gaming equipment, sole source providers and necessary expenditures (media, buses from other states) and other under Out-of-State purchases. The Commission looks at the "Other" column when approving contracts during the meetings as this column is where the facilities have a choice in selecting the vendor. If those contracts are not from Iowa vendors, the Commission looks to see if bids were sought from Iowa vendors, if they bid, and if so, why they were not selected. Valid explanations for not choosing the Iowa vendor include some of the following: chose not to participate; could not meet time requirement; could not meet the quantity; or were not the low bid. The Commission looks at the percentage of contracts from Iowa vendors, minus the sole source and gaming equipment, and the instances of when an out-of-state vendor was selected when there was an alternative in Iowa. Mr. Ketterer stated that the facilities achieved the highest Iowa percentage yet: 88.21% with the "Other" percentage being 11.79%. The facilities purchased \$482 million dollars of equipment, supplies and services from Iowa vendors during 2006.

Mr. Ketterer pointed out that the Commission was a little hard on Argosy last year with their 69% for Iowa purchases. They have increased that to 88% this year. He indicated that this year Harrah's and Horseshoe Casino/Bluffs Run Greyhound Park came in at 72% and 69% respectively, and were the only two facilities below 80%. Mr. Ketterer indicated they could address this issue when they presented their contracts for Commission approval.

Vice Chair Bair noted that the facilities paid \$289 million dollars to the State in gaming taxes, representing a substantial impact on the revenue of the state.

At this time, Vice Chair Bair called on Missouri River Historical Development (MRHD) for a report on their compliance with Iowa Code Section 99F.5. Sharese Manker, legal counsel, indicated Mark Munson, President of MHRD, had not yet arrived, and requested that this matter be taken up later in the meeting. Vice Chair Bair granted the request.

Vice Chair Bair moved to the review of the licensees' financial audits, and called on Ameristar Casino. Teresa Meyer, General Manager, stated that in 2006 the Council Bluffs market revenue grew by \$478 million, up 10% over 2005 with only a 5% increase in admissions; slot revenue increased 9% and table revenue increased 17%. Ameristar's gaming revenue, in a much more competitive market, was off by 1.6% from the previous year, and slot revenue was down by less than one average day. Table games revenue decreased by 12%. Admissions were down the equivalent of eleven days from the previous year. Ms. Meyer indicated the numbers indicated Ameristar's ability to provide a quality guest experience with a riverboat casino facility.

Ms. Meyer noted that Ameristar made a significant economic impact in 2006 of \$108 million, including \$19.4 million for Iowa vendors or 81% of purchases. Ameristar received their ninth consecutive 4 Diamond Award recognizing the facility and the quality of guest service in the hotel.

Vice Chair Bair commented on Ameristar's ability to maintain their toehold in the market with the tough competitive market in Council Bluffs.

As there were no questions concerning Ameristar's financial audit, Vice Chair Bair called on Argosy Casino – Sioux City. Brian Wessels, Director of Finance, indicated that 2006 was a solid year for the property; revenues increased \$500,000 or 1%; total salary and benefits totaled approximately \$12.8 million, and MRHD received around \$1.8 million.

Commissioner Hamilton asked about the difference in the amount of grants. Mr. Wessels asked if she was referring to the amount given to the non-profit. Commissioner Hamilton answered in the affirmative. Mr. Wessels stated that just over a year ago, Argosy amended their agreement with MRHD to change from an admission-based fee to a percentage of revenue, which increased the amount slightly.

Vice Chair Bair commented on the increase in the gaming revenues, and asked if it was attributable to the larger boat. Mr. Wessels answered in the affirmative.

Mr. Ketterer asked if there was any indication that Argosy lost patronage or revenue when the Emmetsburg casino opened. Mr. Wessels stated they did lose some, but not a significant amount.

Mr. Ketterer asked if Argosy was in the process of working with the city to alleviate some of the parking issues the facility faces. Mr. Wessels indicated they are working to try and develop additional parking. Frank Quigley, General Manager, stated that when the parking is 100% occupied, the casino floor is only at 60% capacity. He indicated that he is working with the corporate office and has received some indication that some capital improvement funds may be available to them in 2008. Mr. Quigley stated that he did not want to approach the city with a capital investment plan until he is certain they will receive the funds. He indicated the facility could add additional gaming positions if they are able to obtain the additional parking.

Vice Chair Bair called on Catfish Bend Casino, LLC (CBC). Gary Hoyer, Chief Executive Officer of CBC asked if the Commission had any questions concerning the financial audit.

Mr. Ketterer asked Mr. Hoyer if there was any change in the company's outlook since they are on the brink of opening the land-based facility in Burlington and having the boat in Ft. Madison as to what the revenues will be, the synergy between the two properties, or the ability to cut expenses.

Mr. Hoyer indicated that he sees an expansion in both the labor force and expenditures, but CBC hopes the increases will be offset by increased revenues. They feel the new facility will be able to draw patrons from beyond the smaller Burlington/Ft. Madison market area providing an opportunity for CBC to be more competitive in the area.

Vice Chair Bair asked if the completion of Highway 218 helped CBC or their competitor to the east or west. Mr. Hoyer stated that he felt it would be helpful as the traffic counts have increased on 218, which comes within eight miles of the Ft. Madison facility, and is the link to a 4-lane to the Burlington facility. CBC feels it will eventually provide an opportunity to draw people to the facility. Vice Chair Bair asked if Hannibal or Quincy have riverboats. Mr. Hoyer answered in the negative, but advised that LeGrange, Missouri has a Terrible's property, which is approximately a 50-minute drive south of Ft. Madison and one hour and fifteen minutes south of Burlington.

Hearing no further questions for Mr. Hoyer, Vice Chair Bair called on Diamond Jo. Jesus Aviles, General Manager for Diamond Jo Worth (DJW), was present to represent Diamond Jo. As there were no questions, Mr. Aviles proceeded with the report on DJW.

With regard to the DJW property, Mr. Aviles indicated the first nine months were great as they exceeded every expectation set forth in the market analysis. Revenues were just slightly less than three times what was originally projected, which led to the current expansion project. Phase I of the expansion will be opened to the public on April 27, 2007, more than doubling the square footage of the casino. Mr. Aviles advised that they continue to draw around 65% of their patronage from Minnesota, which held true even during the winter months.

Mr. Ketterer stated that it was his understanding that the Legislature passed the bill that removes the water requirement for casinos in Iowa. He indicated that he would like a report from Natalie Schramm, General Manager, regarding plans for the Dubuque Diamond Jo project at the June Commission meeting. Mr. Aviles indicated the construction planning is going well, and they hope to break ground in June with the project being completed in 2008. Mr. Aviles indicated they were waiting for final word on this piece of legislation before finalizing the design for Dubuque.

Moving back to the DJW property, Mr. Aviles advised that the gaming area, stage, and dance floor will open to the public next week, in June a 200-seat buffet will open followed by a steakhouse in July. He indicated that occupancy at the hotel has been going well, and that a 5,000 square foot event center will open in July. The event center will be available for wedding receptions, and there will be a live show every week. Mr. Aviles indicated the facility has become known as a place to socialize in the area. He indicated that during the last two months, DJW has given away two prizes in excess of \$1 million – one to a couple from Illinois and the other from Austin.

Vice Chair Bair called on Harveys Iowa Management Company, Inc. Michael Silberling, General Manager of Harrah's and Horseshoe Casino/Bluffs Run Greyhound Park, stated that both properties had a successful year in 2006. He noted that Harrah's is increasing the number of concerts at Stir Cove from 17 to 30. Mr. Silberling turned the floor over to Janae Sternberg, Director of Finance for both properties. Ms. Sternberg advised that the bottom line was down somewhat from 2005, which was expected with the opening of the Horseshoe Casino. Revenues decreased \$17 million, food and beverage revenues decreased 12%. Total revenue for 2006 was \$107.4 million, down just over 14% from 2005. Sponsorship fees of approximately \$4 million were paid to Iowa West Racing Association (IWRA) to be reinvested in the community. Gaming taxes paid to the state, county and city amounted to \$24.1 million. Harrah's invested approximately \$3.7 million in capital improvements to the facility in 2006.

Commissioner Seyfer asked if the declining revenues were within the expectations. Ms. Sternberg indicated they were, and were actually less than anticipated.

Mr. Ketterer asked if the pending acquisition has affected the capital investment policy – on hold, going forward, will the process be the same in the future with corporate. Mr. Silberling stated that the shareholders had approved the transaction within the last two weeks, and the major hurdle going forward is regulatory approval. He indicated the 2007 capital plan is unchanged; that the Iowa and Missouri properties have long-range capital improvement plans and part of the business case was predicated on the capital dollars being available to those properties so that the capital submissions made prior to the facilities being aware they were being bought is what has been allocated to them going forward. For projects that have not been submitted, there would be another layer of approval. He indicated that if the properties need additional funds for capital improvements and can show a return on the previous capital improvements, there will not be an issue.

Mr. Ketterer indicated he asked the question in light of the legislation that was passed removing the water requirement. Mr. Silberling advised that if Harrah's were to decide to take advantage of the new land-based opportunity, it would be something that is beyond what has already been approved.

Vice Chair Bair allowed them to address the audit for Horseshoe Casino/Bluffs Run Greyhound Park (HSC/BRGP) while they were at the podium. Ms. Sternberg indicated Harrah's was very happy with the results at Horseshoe in 2006. The property opened in March after an investment of \$87 million. The property has table games, a World Series of Poker room, a 1,000 stall parking garage, a buffet, a steakhouse, and new office space for all of the employees.

Gaming revenues increased from \$117 million in 2005 to \$171 million in 2006, or 46%. Ms. Sternberg indicated Horseshoe was the market leader in gaming revenue for the entire state from July 2006 to the end of the year, as well as the first three months of 2007. Food and beverage revenues increased 117% year over year, and total revenues increased approximately \$58 million. Horseshoe paid gaming taxes to the state, county and city of \$44.9 million, and pari-mutuel taxes, purse supplements and purses of approximately \$10.2 million over 302 race days in 2006. She distributed a handout listing the various organizations to which the facility itself donated funds.

Vice Chair Bair asked for an explanation for the significant increase in the management fee. Ms. Sternberg stated that Horseshoe has a different setup when it comes to the management fee; it is still based on the agreement that Harveys and AIM had with IWRA. Under that agreement, Harrah's does not own the gaming equipment; it is owned by IWRA and then leased back. Harrah's and Horseshoe own the realty company so the management fee is split 80-20 based on revenues. This agreement is specific to the Bluffs Run facility.

Mr. Ketterer, commenting on Ms. Sternberg's comment that the property was up 46% year over year, stated that did not really show the magnitude of the increase as the property did not open until March 15th. He indicated that for month over month, it would be closer to 50%.

Vice Chair Bair called on HGI-Lakeside Casino. Damon Butler, General Manager, and Lynette Bailey, Financial Controller, were available for questions. Mr. Butler stated that 2006 was a challenging and exciting year for the property. The remodeled property generated over \$60 million in gaming revenue, over \$12 million in gaming taxes, and just over \$11 million in payroll and benefits. Mr. Butler noted that Lakeside purchased 94.6% of their equipment, services and supplies from Iowa vendors.

Vice Chair Bair asked to what the 20% increase in revenue was attributable – better marketing, facilities, etc. Mr. Butler noted that part is attributable to individuals pulling off Interstate 35, improvements to the property, signage, and gas station. He feels all of

these helped to put the property on the map. Mr. Butler stated that there were over 34,000 new member sign-ups in 2006.

Commissioner Hamilton asked if anyone comments on the name. Mr. Butler indicated they did when the Herbst family first took over the property, but not so much anymore.

Mr. Ketterer asked about the "Other" category under Revenue on page 3 of the financial report, which increased from \$788,000 to \$7.2 million for which there appears to be a similar offset under Costs and Expenses in "Other Operations", which increased from \$235,000 to approximately \$6.5 million. Ms. Bailey indicated the significant increases were due to Terrible's taking back management of the convenience store, which was done around December 2005. Mr. Butler noted that while gas sales generate a significant amount of revenue, the profit margins in gas are very small.

Hearing no further questions for Mr. Butler or Ms. Bailey, Vice Chair Bair called on Mississippi Belle II Employees Ownership Company/Wild Rose Clinton (MB II/WRC). Tom Timmons, Director of Operations for Wild Rose Entertainment, and Scott Ivers, Chief Financial Officer, were present to address any questions. Mr. Timmons advised that the Emmetsburg property opened on Memorial Day 2006, and Wild Rose took over operations at the Clinton property the first part of June.

Mr. Ivers advised that WRC was combined with the MB II operation for the first part of year. Total gaming revenue was approximately \$28.2 million, or an increase of 4.9% over 2005. Non-profit contributions for the entire year were approximately \$1.1 million, and admissions increased approximately 4.2%.

Vice Chair Bair noted that the deficiencies were spelled out on the WRC and Wild Rose Emmetsburg (WRE) financials, which is not usually done. He asked if the facilities had addressed the deficiencies directly. Mr. Ivers stated that WR Entertainment specifically requested the auditing company to spell out any deficiencies so they could be corrected at the start, as well as reviewing the internal controls so that any issues there could be corrected immediately. Mr. Ivers indicated that those issues concerning segregation of duties were handled for the most part by adding another employee or layer to the process.

Vice Chair Bair asked about the receipts flow at the Emmetsburg property, stating that he thought there would be larger intake of revenue over the summer months with the tourism in the Lakes region. Mr. Timmons indicated he felt that would be the case as well; but experience showed the property is not getting a large influx from the Lakes area, except for on rainy days when individuals could not get out on the lake or partake in other vacation activities. He concurred that the increase over the summer months was not as large as everyone anticipated with the arrival of the tourism season in the Lake region. Vice Chair Bair asked if WRE was going to try to address that issue. Mr. Timmons indicated the property is working on some marketing ideas with hotels in the Lake area and have reached an agreement with the Emerald Park Golf Course in Arnolds Park to function as a "sister" course to create some "Stay and Play" packages.

Ken Bonnet, representing MB II, indicated this would be his last opportunity to address the Commission regarding the MB II. He stated the audit covered the time frame of January 1 through the sale to WR Entertainment in early June. Mr. Bonnet noted the company was 51% owned by employees under the Employees Stock Ownership Plan that was established in November 2001. The program contained a vesting program; however, due to the sale, all of the employees participating in the plan are considered to be fully vested. He indicated the typical employee who was employed as of November 2001 will receive compensation from the distribution equaling approximately two years' salary. Mr. Bonnet indicated that approximately 60% of the funds have been distributed to them; however, MB II is awaiting final approval from the Internal Revenue Service prior to closing the plan out in total. When the approval is received, hopefully this quarter, the final distributions will be made. Vice Chair Bair asked who was holding the remaining funds. Mr. Bonnet advised that the funds are in an escrow account controlled by the ESOP Trustee.

Hearing no further questions for Mr. Bonnet, Vice Chair Bair called on Riverside Casino & Golf Resort (RCGR). Joe Massa, General Manager, noted that operations started just past mid-year and the financial includes construction and operations.

Mr. Massa stated that the balance sheet shows a balance of \$135 million of assets, \$108 million invested in property and equipment, another \$6.8 million in continuing construction costs related to the golf course, and \$9.5 million will have been invested in the golf course when it is completed. The property has liabilities of approximately \$106 million. Mr. Massa pointed out that the Statement of Operations shows a loss of approximately \$4.4 million on revenues of \$39 million. He indicated there was a breakdown of the operations set forth on page 21 of the report. Mr. Massa advised that gaming revenues are matching the projections made during the application process; while food and beverage revenues are almost double the original projections.

Mr. Massa noted that the application was submitted in November 2004, the Commission visited the site two years ago this month, the license was awarded on May 11, 2005, ground was broken on July 20, 2005, and the facility opened 13 months after ground was broken. The original application projected an opening of November 2007; thus, the facility opened ahead of schedule by 14 months, generating an additional \$21 million for the state.

Mr. Massa stated there will be approximately \$115 million invested in the property upon completion as opposed to the \$99 million projected in the application. Excluding gaming and specialized equipment, 86.6% of expenditures have been with Iowa vendors. RCGR guaranteed \$16.5 million to the city of Riverside for a large sewer project, which is almost completed, plus another \$13.7 million over eight years under an annexation agreement, paid \$1 million to the not-for-profit license holder after the first four months of operation and gave another \$114,000 in contributions directly to other companies and charitable organizations in the area during the same period. Mr. Massa stated that the facility is exceeding projections for business outside the 75-mile radius, meaning the

property is being recognized as a resort destination. He distributed a copy of the Annual Report distributed to the organization's members. Mr. Massa indicated the golf course, Blue Top Ridge, should be ready to open on August 1st of this year. He stated the golf course has generated a lot of interest and excitement, and will add another dimension to the property. He distributed an article from the latest PGA magazine which talks about the Blue Top Ridge golf course, the facility's unique operation with the PGA, and particularly housing in the Iowa section of the PGA that will result in the scheduling of some premier events at the golf course and some golf seminars.

Vice Chair Bair asked about the revenue projections. Mr. Massa stated that gaming revenues are on target, while food and beverage revenues are double the original projections.

Vice Chair Bair then asked about the PGA events. Mr. Massa stated that the Iowa section of the PGA schedules their own events as well as providing instruction for professionals in Iowa, Illinois and surrounding states, which will be held at the Blue Top Ridge. Mr. Massa explained that the name recognizes the original name of the property, Blue Top Farms. RCGR kept a corn silo with a blue roof on it, which has been converted into a restaurant facility.

Mr. Ketterer asked if the occupancy rates and average room rates at the hotel had been within the expected ranges. Mr. Massa indicated their projections upon opening were overly optimistic; and a new 400-room Marriott opened at the same time in Coralville. Occupancy rates have been increasing every month. Vice Chair Bair asked about special packages for football weekends. Mr. Massa indicated they could do so; noting they opened at the start of the football season last year and many people did not realize they were open. They are experiencing more interest this year.

Hearing no further comments or questions for Mr. Massa, Vice Chair Bair called on IWRA. Todd Graham, Executive Director of IWRA, which is the license holder for HSC/BRGP, and the sponsoring organization for both Ameristar and Harrah's. He recognized the following IWRA employees in attendance – Jackie Bix and Deb DeBaut.

Mr. Graham provided the following information concerning riverboat revenues received by IWRA in 2006: \$8,309,534 compared to \$8,557,099 in 2005, or a 3% decrease. The breakdown of the revenue is as follows: Ameristar - \$4.35 million from Ameristar and \$4 million from Harrah's.

Mr. Ketterer asked if the revenue reduction from year to year was due to the shift in the market from Harrah's to Horseshoe Casino. Mr. Graham answered in the affirmative. He further stated the fees received from the riverboats are capped at \$4.35 million, which Ameristar reached in October.

Hearing no further questions or comments concerning the IWRA audit, Vice Chair Bair called on the Dubuque Racing Association (DRA). Roger Hoeger, Assistant General

Manager and Controller, advised that revenues increased approximately 39% from 2005, which he attributed to the 1,000 slot machines being in operation for a year, and the opening of the table games on March 1st, which accounted for about 7% of the total increase. He noted that expenses increased in a few categories: wages represented a 28% increase and interest expense was \$1.8 million compared to \$365,000 in 2005.

Mr. Ketterer asked if the investors in the Hilton Garden Inn and Houlihan's Restaurant were satisfied with the results to date. Mr. Hoeger stated that the hotel experiences a very high occupancy rate and DRA has a very good working relationship with them, and some of the patrons of the facility also patronize the restaurant on a regular basis.

Mr. Ketterer asked for additional information concerning recent announcements concerning grants. Bruce Wentworth, General Manager, advised that on Tuesday, the DRA Board met and made two major announcements: one being a \$1 million grant to an organization named DICE, which stands for Dubuque Ice that would like to build a facility on the opposite side of the island. The organization is adamant that they can raise the additional funds needed by this fall to begin construction on an ice rink that would accommodate ice hockey, etc. They hope to have the facility open by next fall.

The other announcement was a five-year commitment to the Greater Dubuque Development Corporation for \$100,000 per year for five years. This organization recently completed a five-year plan with much success, and is now launching the second plan with a goal of creating over 5,000 new jobs, look at job retention, infrastructure, and grow Dubuque's population by 6%. The DRA board felt this was an investment back into the community that would help grow the community, which would benefit the facility in the long run.

Vice Chair Bair asked how far apart the two Dubuque facilities were. Mr. Wentworth advised they are approximately two miles apart; and that it is possible to get between the two even though there is not a straight road from one to the other. The ice arena proposed for the island will draw more traffic to the island. DRA also received naming rights with their grant. They have also worked out an agreement with the organization that allows DRA patrons to rent the facility for various functions at fair market value. The addition of this ice arena will also free up ice time at the Five Flags facility, allowing that facility to be utilized for other venues.

Hearing no further comments or questions for DRA, Vice Chair Bair called on Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer, General Manager, and Ann Long Richards, Vice President and Chief Financial Officer respectively, were present for questions.

Ms. Long advised that PMR&C is in a strong financial position and has established a good relationship with a local lender in Clive, which is how they have financed the construction. During 2006, PMR&C returned \$35.2 million to the community - \$19.6 through direct and indirect charitable contributions and \$15.6 million through the Polk

County lease. PMR&C paid gaming taxes of \$44.8 million and regulatory fees. Ms. Long stated that the additional gaming floor on the second level was opened in August, the Event Center opened in September and in January 2007, the buffet was completed followed by A.J.'s Steakhouse in February. Just recently, they have started work on the additional parking lot in the northwest corner, and anticipate that it will be completed by July 4th. Ms. Long stated that the economic impact report for 2006 reflects expenditures of \$188.6 million with Iowa vendors, or 99.3%.

Mr. Ketterer stated that he had heard very good reviews on the Event Center and the restaurants.

Following a short break, Vice Chair Bair called on MRHD for the report on their grant distributions in compliance with Iowa Code Section 99F.5. Mr. Munson, President of MRHD, introduced Larry Jensen and Sharese Manker, MHRD Treasurer and Legal Counsel respectively.

Mr. Munson stated that MRHD was formed in 1989, and the Management and Operating Agreements were entered into on May 27, 1992, and became effective on July 7th when the license was issued. MRHD's agreement with Argosy is valid until July 7, 2012. The agreement was amended on December 31, 2004, changing only the compensation.

MHRD received their first funds in 1994, and has two grant programs each year – a small program in May that distributes \$225,000 to non-profit groups and agencies within the county. The 70–100 grant requests are reviewed by the grant request committee, which makes recommendations to the full board. In 2007, the May grants will be awarded on May 8th. Between 1994 and 2006, MRHD has distributed small grants totaling \$2.7 million to 498 organizations within Woodbury County. Grants are broken down into five categories: economic development, community improvement and tourism; health and human services; civic, public and patriotic, charitable and religious; leisure, cultural and historical; and education. In December of each year, MHRD distributes another \$50,000 to organizations that are recommended from within the Board, which are reviewed by a five-member committee who makes final recommendations to the Board. Mr. Munson highlighted some of the recent grants under this portion of the program. He noted that MRHD has given special grants over the years, which totaled over \$2 million between 1994 and 2006.

Mr. Ketterer advised Mr. Munson that the main focus of the Commission's request was to determine how much had been distributed in 2005 and 2006, and how much of the funds were provided by Argosy.

Mr. Munson stated that the MHRD Board decided in 1999 to create and build their own project. Over a 3-year period, the Board developed and built the Sioux City Lewis & Clark Interpretive Center, which opened September 22, 2002. The center has attracted 250,000 visitors since opening. It was MRHD's intent to turn the operation of the interpretive center over to the city after one year of operation; however, the agreement

was amended in 2003 to extend their operation for two years, and in 2005, MRHD extended the agreement to allow them to operate the center indefinitely as long as they are financially able to do so. Over the past five years, MRHD has spent approximately \$1.5 million to operate the facility.

In 2005, MRHD decided to expand the interpretive center to include a multi-purpose room, gallery and a small theater. Mr. Munson noted that most visitors do not expect to find an attraction such as this in Iowa, but in the larger metropolitan areas of St. Louis, Kansas City or Chicago. The original center cost \$4 million to construct, and the expansion will cost \$3.5 million and is to be completed in November of this year.

They have also funded a book documenting the history of the Sioux City stockyards, which were once the largest stockyards in the world.

Mr. Munson stated that since MRHD only amended the agreement on December 31, 2004, they do not believe they fall under the 3% rule; however, they do currently meet that requirement. Over the last three years, MRHD has received \$5,149,000 and has spent \$2,282,000 over the last two years, leaving them with a balance of \$2,700,000 at the beginning of this year. In addition, MRHD has contracted to build the addition to the Lewis & Clark Interpretive Center at a cost of \$3.5 million, of which \$500,000 was paid in 2006. They anticipate the construction and opening for 2007 will put the dollar figure around \$3.6 million. Following the completion of the addition, operation of the center and the annual programs, MRHD estimates they will end 2007 with less than \$700,000, which will operate the center and fund the grant programs for one more year.

Vice Chair Bair asked if Mr. Munson was indicating that MRHD would meet the 3% rule following the 2007 expenditures. Mr. Munson indicated that, according to their audit, the funds were committed in 2006 through a contract. Vice Chair Bair asked if the Commission had that information available to them. Mr. Ketterer advised that the Commission does have MRHD's audit.

Vice Chair Bair stated that if he understood Mr. Munson correctly, he was stating that since MRHD only amended their operating agreement in 2004, they did not fall under the 3% rule, but that they are meeting that requirement anyway. Mr. Munson answered in the affirmative.

Mr. Ketterer stated that the Lewis & Clark project is a great project, but felt it was important for the benefit of the Commission and MRHD to have a record of compliance.

Vice Chair Bair moved to the construction updates by the licensees and called on CBC. Mr. Hoyer noted that the Commission approved CBC's projects for Burlington and Ft. Madison on June 8, 2006, and construction started in earnest around October. He indicated CBC has always predicted a Memorial Day opening; however, due to the extreme cold in January and February and the recent weather, they are now predicting somewhere between Memorial Day and July 4th but feel it will more than likely be mid-

June. CBC will have invested just over \$50 million in the project, which will include the casino facility of approximately 30,000 square feet, an additional 40 hotel rooms in a high-end boutique-type hotel in addition to the current 105-room facility, a high-end spa, an event center with approximately 10,000 square feet, a buffet restaurant, a Japanese restaurant, and a 540-stall parking garage.

Mr. Hoyer indicated that the riverboat presently operating in Burlington will be moving to Ft. Madison around May 14th. He indicated the riverboat is currently for sale with a marine broker. Mr. Hoyer stated that CBC hopes to bring plans before the Commission at the June meeting for a new facility to be constructed in Ft. Madison.

Vice Chair Bair asked for a comparison of the number of slot machines and table games between the new Clinton facility and the riverboat. Mr. Hoyer advised that the new Clinton facility will have 680 slot machines, 18 table games and five poker tables. The riverboat will have 400 slot machines, eight table games and five poker tables.

Mr. Ketterer advised the general managers at CBC, DJW, and Isle of Capri Waterloo that dates have been established for testing of the casino floor (slot machines and slot information system); and that the Commission is more than willing to pull the necessary resources from all over the state in order to get the testing done as quickly as possible. Since these dates can be moving targets, he asked that the facilities keep the Commission apprised of any possible change in dates. Mr. Hoyer indicated that the casino floor is not the issue in Burlington, but the roadways.

Hearing no further comments or questions for Mr. Hoyer, Vice Chair Bair called on DJW. Mr. Aviles advised that they are ready for the slot testing. He indicated the project, which is on time and budget, added another \$31 million to DJW's capital investment in the area.

Vice Chair Bair asked about the golf course. Mr. Aviles indicated that it should open for business in September. DJW has added an additional 180 acres to be utilized as hunting grounds, which are still a work in progress. Mr. Aviles indicated this will be an exclusive club and only 16 individuals will be allowed on the grounds at the same time. Vice Chair Bair asked if there would be pheasants. Mr. Aviles advised they are raising their own pheasants and dogs. Mr. Aviles stated there was no danger for a hunter being hit by a golf ball, or vice versa.

Hearing no further comments or questions for Mr. Aviles, Vice Chair Bair called on Kim Hardy, General Manager for Isle of Capri Waterloo, who introduced Tim Hinkley and Greg Gida, President and Vice President of Projects of Isle of Capri respectively to the Commission.

Mr. Gida noted that the Commission raised questions concerning the status of the opening of the Waterloo property. He advised that IOC was in the process of implementing the recent scope changes approved by the Commission. Since the March

Commission meeting, they have attempted to pick an opening date that they would be comfortable with and to quantify what caused the original opening date of spring 2007 to be pushed back to July 1st. Mr. Gida advised that once IOC representatives completed their review, they met with Terry Hirsch, former Director of Riverboat Gambling, and mailed Commission members a letter setting forth the four primary factors that caused the original date to be missed. Those were:

- An increase in the level of the fit and finish of the project. When the project was originally presented to the Commission, it was patterned after a Missouri property similar in size and scope. Mr. Gida indicated that parallel to the development of this project, IOC is also in the process of developing a new brand, The Isle brand, which will make its debut in Pompano, FL. These facilities will have a higher level finish and be a higher level product. IOC decided that since Waterloo was still in the development stage, it would be branded as “Isle” versus “Isle of Capri”. The final design of the product added \$17 million to the original cost of project costs of \$118 million. A negative to this decision is that it added about a month to the development timeline.
- The second factor was a delay in material delivery. Mr. Gida indicated that some of this problem may have been accumulative to the first issue because as the design and level of finish changed, they may have lost their place in line for some of the materials. He indicated the availability of materials is stretched at times all over the country, which he attributes to adding another month to the timeline.
- Expansion of scope of project. Mr. Gida indicated that while this issue was within their control, the redesign of the project will benefit the project, state and community as a whole. After reviewing at what is occurring at some of the other properties around the state, IOC elected to expand the scope of this project by adding approximately another \$45 million to the cost of the project by expanding the gaming floor and adding a spa and pool, which caused some redesign of the previous outlay. The positive side is the increased investment in the property; the negative is that this also added another month to the timeline.
- Weather. Mr. Gida indicated that even as early as January and February, IOC was hoping to make up some of the lost ground due to the changes in the scope and finishing of the project; but have been unable to do so due to the recent weather that Iowa has experienced.

Mr. Gida indicated that a couple of months have been shaved by the construction crews working overtime. He reiterated that, at this time, IOC is comfortable with saying the facility will be open to the public by July 1st. Mr. Gida stated that the facility will be “fabulous” from the company’s standpoint, the state, and the community. He reiterated that the final investment in the project is approximately 40% higher than what was originally approved by the Commission when the license was granted. Mr. Gida feels the Commission will be extremely pleased with the project once it is completed.

Mr. Hinkley stated that IOC is just as anxious as the Commission to get the Waterloo property open. He apologized for the delay in getting it open, but indicated that he believes the Commission will find the changes are the right ones to make, particularly from a business standpoint. Mr. Hinkley apologized to the Commission for the lack of communication regarding the delays. He indicated that the branding of a facility is very important in the competitive gaming world. Mr. Hinkley noted that Isle had had a consistent brand since 1992, explaining that the “Isle” brand is more contemporary, and is designed to provide the most modern gaming venue possible. He concurred with Mr. Gida’s statement that changing the brand added some time to the development timeline, but IOC feels it will be well worthwhile in the long run. Mr. Hinkley advised the Commission that not only is Waterloo the largest project from a monetary standpoint undertaken by IOC; he believes it is the largest Phase I project in gaming in Iowa’s history. He stated that after viewing some of the new facilities, especially Riverside, IOC wanted to be able to compete and exceed the patron’s expectations. Mr. Hinkley pledged that they would have Waterloo open by July 1st, and that they will do a better job of communicating with everyone.

Vice Chair Bair asked if the hurricanes in the south also caused some of the delays. Mr. Hinkley advised that there was some debate about including that in the letter as people go through things similar to that in their daily lives and business lives. He indicated IOC would not use that as a crutch; but admitted that it did take some time away from the Waterloo project.

Hearing no further comments for the IOC representatives, Vice Chair Bair moved to the contract approval portion of the agenda, and called on Isle of Capri Marquette (IOCM). Mr. Fuller presented the following contracts for Commission approval:

- The Media and Marketing Group – Advertising Products and Services
- Coca Cola Enterprises – Provide Coca Cola Beverages

Hearing no comments or questions concerning the contracts, Vice Chair Bair requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by IOCM. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-30)

Vice Chair Bair called on Isle of Capri Bettendorf (IOCB). Mr. Hyder advised the Commission that the Isle properties in the Quad Cities continue to be a significant catalyst for the economy. The properties contributed approximately \$150 million to the economy; \$51 million in the form of gaming and statutory taxes, \$7.5 million to the not-for-profits, and paid \$35 million in payroll and benefits. Mr. Hyder reported that the new 258-room hotel, costing approximately \$45 million, in Bettendorf is on schedule to open sometime in late May, giving Isle the largest presence in the immediate market. He acknowledged that holding the license is a privilege and thanked the Commission for renewing the licenses.

Mr. Hyder requested and received permission to combine the contracts for IOCB and Rhythm City. The following contracts were presented for Commission approval respectively:

- Rhythm City Casino
 - Coca Cola Bottling Company – Provide Coca Cola Beverage Products
 - The Media and Marketing Group – Advertising Products and Services
- Isle of Capri Bettendorf
 - Coca Cola Bottling Company – Provide Coca Cola Beverage Products
 - Technology Solutions – Provide Telephone/Data Support Services on Avaya Communication Equipment
 - The Media and Marketing Group – Advertising Products and Services

Commissioner Seyfer, noting that all three IOC properties had submitted large contracts with The Media and Marketing Group, asked if some of the money came back to Iowa. Mr. Hyder advised that this contract replaces a previously approved contract. He indicated that most of the money comes back into Iowa. Vice Chair Bair asked if there was any way to substantiate the statement during the term of the contract. Mr. Hyder answered in the affirmative and indicated the information would be provided.

Hearing no further questions or comments for Mr. Hyder, Vice Chair Bair requested a motion. Commissioner Seyfer moved to approve the contracts for Rhythm City and IOCB as they were submitted. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 07-31)

Vice Chair Bair recalled IOCM to the podium for comments on the economic impact report. Mr. Fuller stated that IOCM has been pretty consistent over the years. He noted that IOC as a company has committed to a soy company for a trans fat-free frying oil for all of their properties in the United States.

Hearing no comments or questions for Mr. Fuller, Vice Chair Bair called on IOC Waterloo. Mr. Hardy presented the following contracts for Commission approval:

- NRT Technology – 10 Redemption Kiosks & 2 Jackpot Services Kiosks
- Giesecke & Devrient America, Inc. – 2 Banknote Processors for Currency Counting
- John Levy Lighting Productions, Inc. – Media/Feature Bar 6 Shows: WOW Feature Lighting & Audio; Feature Wall; Tapes
- The Media & Marketing Group – Advertising Products & Services
- Cummings Allison Corporation – 6 Scanners for Processing Slot Tickets
- Reldom Corporation – Carts for Transportation of Currency & Tickets
- Shreveport Communications – On Property Radio Communication System

- Young Electric Sign Company – Lease Slot Machines
- Wheaton Franciscan Health Care – Team Member Clinic Contact

Vice Chair Bair commented on the number of out-of-state contracts.

Mr. Ketterer asked if there was a bidder from Dubuque in connection with the contract for Shreveport Communications. Mr. Hardy answered in the affirmative, but indicated Shreveport was the low bid.

Hearing no further comments or questions for Mr. Hardy, Vice Chair Bair requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by IOCW. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-32)

Vice Chair Bair called on Harrah's. Mr. Silberling addressed the Commission regarding Harrah's and Horseshoe/BRGP's percentage of purchases from Iowa vendors. He indicated that he was disappointed in the benchmark, but stated that upon reflection, he was not entirely surprised. He noted that one of the main reasons is that Harrah's is a national organization with corporate purchasing guidelines. Mr. Silberling indicated that he was going to review the contracts that fell in "Other" constituting 28% of their purchases to determine what can be changed and possibly find local vendors. He also indicated a willingness to "push back" against corporate purchasing guidelines.

Ms. Sternberg presented the following contracts for Commission approval:

- Ecolab Incorporated – Pest Control
- Paramount Linen & Uniform – F&B Linen and Uniform Cleaning Service Vendor
- Spic & Span Linen Supply – Hotel Linen Cleaning Service Vendor

Commissioner Seyfer noted that almost all of these contracts fell into the "Other" category. Vice Chair Bair noted that the pest control contract was with an Iowa vendor. Ms. Sternberg noted that Harrah's had been utilizing an Iowa vendor in this area, but did not feel they were large enough to handle the needs.

Mr. Ketterer asked if there were Iowa bids on the other two contracts. Ms. Sternberg indicated the two companies submitted are a laundry/cleaning service so it was the same companies bidding on both contracts.

Hearing no further comments or questions concerning the contracts, Vice Chair Bair requested a motion. Commissioner Urban moved to approve the contracts as submitted by Harrah's. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 07-33)

Vice Chair Bair called on Argosy Casino. Frank Quigley, General Manager, presented a contract with Konami Gaming for an anticipated purchase of replacement slot machines and replacement parts.

Hearing no comments or questions concerning the contract, Vice Chair Bair requested a motion. Commissioner Hamilton moved to approve the contract as submitted by Argosy Casino. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-34)

Vice Chair Bair called on DJW. Mr. Aviles presented a contract with Johnson Golf Course Construction, Inc. for the golf course improvement project at Pheasant Links.

Hearing no comments or questions concerning the contract, Vice Chair Bair requested a motion. Commissioner Seyfer moved to approve the contract as submitted by DJW. Commissioner Urban seconded the motion, which carried unanimously. (See Order No 07-35)

Vice Chair Bair called on RCGR. Mr. Massa presented the following contracts for Commission approval:

- Harris Golf Carts – Golf Cart Purchase
- UpLink – Course Management Computer System
- Konami Systems Division – Annual Support for Casino Accounting System
- Robert A. Kehl – Consulting Contract (RP)
- Flynn Wright – Marketing Agency
- Fuerste, Carew, Coyle, Juergens & Sudmeier, P.C. – Attorney Fees (RP)

Commissioner Seyfer asked about the consulting contract with Robert Kehl. Mr. Ketterer asked Mr. Massa to address the golf experience of the consultant. Mr. Massa stated that the Kehls are a major investor in the Riverside project, and Mr. Kehl serves on the Board of Directors, making this a related party contract. He noted that he was very active in the management of the Mississippi Belle II facility. The Board of Directors for Riverside feel his experience would be beneficial in leading them through the development and opening of the golf course and integrating it into the casino operation. Mr. Massa advised there is also a Director of Golf. Mr. Massa advised that Mr. Kehl is very involved in the golf industry in Iowa.

Commissioner Seyfer requested that the actual contract be brought to the next Commission meeting.

Hearing no further comments or questions concerning the contracts, Vice Chair Bair requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by RCGR. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-36)

Vice Chair Bair called on CBC. Mr. Hoyer presented the following contracts for Commission approval:

- Konami Gaming – Purchase of Casino Computer System
- Automated Currency Instruments, Inc. – Purchase of 5 Ticket/Bill Exchanger Kiosks
- The United States Playing Card Company – Purchase of Table Games, Playing Cards, Dice, and Chips
- Paltronics, Inc. – Purchase of Casino Computer System Add-on
- Huckleberry Entertainment LLC – Lease of Casino Building (RP)
- Burlington Auto Finance – Lease of Property Located at 125 S. Roosevelt Avenue, Burlington, IA (RP)
- Morgan Stanley Mortgage Capital, Inc. – Approval of Catfish Bend's Guarantee of Loan

Commissioner Seyfer asked if the refinancing was done and ready to go. Mr. Hoyer indicated that it was close to being completed; that they are working on documents and the lender is hoping for an April 30 closing. They are currently working through some title issues, and Mr. Hoyer feels the closing will occur somewhere between April 30th and May 10th. Mr. Hoyer indicated that CBC has been using Valley Bank from Davenport, but the current financing became a little too heavy for them to carry. Commissioner Seyfer asked if the rates had stayed pretty stable throughout the process. Mr. Hoyer answered in the affirmative, indicating that the refinancing rates would be an improvement.

Hearing no further comments or questions, Vice Chair Bair requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by CBC. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 07-37)

Vice Chair Bair called on WR Clinton. Tim Bollman, General Manager, introduced Ed Vance, President of Ed Vance Associates, the architects for the WR Clinton project, who presented a slide show of the design concepts for Clinton.

Mr. Vance advised that the project sits on 28 acres approximately three miles west of the existing riverboat right off Highway 30. There will be a porte-cochere coming off the main drive off Highway 30, a 60-room hotel, 18-19,000 square feet of gaming, back of house facilities, meeting rooms, buffet and lounge. He indicated the building would resemble a ranch building and would utilize calm colors and earth tones, not some slick Las Vegas building. There will be a main corridor off which everything else is accessible. Mr. Vance stated there is 18,000 square feet in the banquet rooms, which can be broken down into six smaller rooms. There is seating for 900 in a concert venue and 500 in a table setting.

Vice Chair Bair asked for clarification of the location. Mr. Bollman advised that the site, coming from the west on Highway 30 from 61, is approximately two miles from the downtown Clinton. He stated that it is on the corner of Mill Creek Parkway and US Highway 30.

Vice Chair Bair asked if this facility would provide amenities that are not available currently on the CBC. Mr. Bollman answered in the affirmative. He indicated this would put Clinton in a more competitive position within the region.

Mr. Bollman presented the following contracts for Commission approval:

- Regency Commercial Services – Construction of New Casino Project
- Snyder & Associates – Engineering Fees

He also distributed the additional architectural bids that were received.

Hearing no further comments or questions concerning the presentation or contracts, Vice Chair Bair requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by WR Clinton. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-38)

Vice Chair Bair asked the projected opening date. Mr. Bollman advised that they hope to break ground in mid or late June, taking approximately 13-14 months to complete the project. The goal is to be open in the summer of 2008.

Vice Chair Bair called on Horseshoe Casino/BRGP. Ms. Sternberg presented the following contracts for Commission approval:

- Ecolab Incorporated – Pest Control
- North Central Group d/b/a Hilton Garden Inn – Hotel Rooms for Patrons
- Olson Brothers Construction – Construction Work (EDR/Restroom Remodel)

Hearing no comments or questions concerning the contracts, Vice Chair Bair requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by Horseshoe Casino/BRGP. Commissioner Hamilton seconded the motion, which carried unanimously. (See Order No. 07-39)

Vice Chair Bair called on DGP&C. Mr. Wentworth presented the following contracts for Commission approval:

- Cottingham & Butler Insurance – Property and Casualty Insurance
- Mariposa Software, Inc. – Consulting Services
- The Lamar Company – Outdoor Billboard Contract 305390
- The Lamar Company – Outdoor Billboard Contract 305391

- The Lamar Company – Outdoor Billboard Contract 305389
- Sysco Foods of Iowa – Food Item

Vice Chair Bair asked about the contract with Mariposa. Mr. Wentworth advised the company provides customer relations software that allows DGP&C to do direct mail campaigns. The company was recently purchased by IGT.

Hearing no other comments or questions concerning the contracts, Vice Chair Bair requested a motion. Commissioner Hamilton moved to approve the contracts as submitted by DGP&C. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 07-40)

Vice Chair Bair called on PMR&C. Mr. Palmer presented the following contracts for Commission approval:

- Aristocrat Technologies, Inc. – Purchase of 8 DSAP MAC 500 MK VI Slot Game Cabinets, toppers and accessories
- Aristocrat Technologies, Inc. – Purchase of 12 MAV 500 MKVI Slot Game Cabinets, Toppers and Accessories; 6 Each Premium and 6 Each Standard
- Iowa Horseman's Benevolent and Protective Association – 2007 Agreement
- IGT – Purchase of 12 Each Trimline Video Slot Games and Accessories
- Iowa Quarter Horse Racing Enterprise, Inc. – 2007 Agreement (RP)
- Konami Gaming, Inc. – Purchase of 6 Each K2V 2.0 Video Upright Slot Games and Accessories
- Storey-Kenworthy – Furniture; Office Supplies and Accessories
- WMS Gaming, Inc. – Purchase of 16 Each Bluebird Upright Slot Games and Accessories

Mr. Ketterer congratulated PMR&C for the provision of the Study Committee contained in the horsemen's agreements. He suggested that an all-weather track surface be added to the list of topics to be discussed. Mr. Ketterer indicated that the Commission would be interested in getting updates/results from the committee meetings. He also requested that PMR&C report its findings from research into the all weather track surface at the August Commission meeting.

Commissioner Hamilton asked Mr. Palmer where PMR&C was at in their negotiations with the harness association. Mr. Palmer advised that a meeting is scheduled for the following day, and have met with them occasionally in the past. He indicated that progress toward three-year contracts with the horsemen have been delayed somewhat because of legislation.

Hearing no further comments or questions for Mr. Palmer, Vice Chair Bair requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by PMR&C.

Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-41)

Vice Chair Bair called on IWRA/Iowa Greyhound Association (IGA) for a review of the financial audit of the escrow accounts for the year ending December 31, 2006. John Garner, legal counsel, was present to answer questions. Mr. Ketterer advised that the audit is in order from staff's standpoint, and all of the expenses disbursed from the escrow account are brought before the Commission during the year for approval. He indicated it was not necessary for the Commission to approve the audit.

Mr. Garner advised that the IGA does anticipate a rather large withdrawal coming up in the future to cover purse points paid in 2005 and 2006 as they were greater than the purse supplements agreed to in those two years. He indicated the IGA is in the process of determining that number and will submit a request for the withdrawal.

Vice Chair Bair moved to the approval of the distribution of the Horse Racing Promotion Fund. Mr. Ketterer advised that in 2006 the funds were distributed to the Legacy Harness Horse Foundation for marketing the county fair harness races and Iowa State University for equipment. The funds available for distribution this year are \$3,839.08. Legacy Harness Horse Foundation submitted the only application for the funds. Mr. Ketterer recommended approval of distribution of the Horse Racing Promotion funds to the Legacy Harness Horse Foundation for the purpose of marketing harness racing at the county fairs.

Hearing no comments or questions for Mr. Ketterer, Vice Chair Bair requested a motion. Commissioner Hamilton moved to approve distribution of the Horse Racing Promotion Fund in the amount of \$3,838.08 to Legacy Harness Horse Foundation for the promotion of harness racing at county fairs. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 07-42)

Vice Chair Bair called on Mr. Ketterer for Administrative Business, who indicated there was none to come before the Commission.

As no one requested to address the Commission under Public Comment, Vice Chair Bair requested a motion to adjourn. Commissioner Hamilton so moved. Commissioner Urban seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK